



SFIS

Standard Financial Information Structure

Laying the Foundation for Business Transaction Interoperability



Financial Management Domain

One Mission, Many Languages

The Department of Defense (DoD) financial management community has supported the Armed Services, multiple defense agencies, and field offices for well over 40 years. Today, with operations involving over \$1.1 trillion in assets and 3.3 million military and civilian personnel, DoD is one of the largest and most complex organizations in the world.

While the Department's mission has been the same - protecting and serving America - each defense Component has had certain unique activities and requirements. Over time, to best support the warfighter, these organizations developed and perfected their own processes and systems for a vast array of business functions such as planning, procurement, logistics, personnel, property, accounting, etc. The *total* number of these systems supporting the massive DoD enterprise is now estimated at over 4,000.

"It is undeniable that overcoming the Department's many business language barriers is a difficult challenge...but with SFIS it can be done, and the payoff of interoperability is enormous."

In the past few years, DoD began a transformational change to adhere to a common enterprise architecture. However, different Components continue to use different terms for the same business data elements and processes. The result? A DoD business environment of non-integrated, "stove-piped" financial management systems with significant "language barriers" that precludes timely, reliable, and accurate financial information.

Despite significant investments in system interfaces and manual "cross-walks" between business systems, DoD cannot ensure auditability of its financial transactions because of growing data integrity problems and an inability to combine data for analytical decision-making.

Now We're Talking!

The Department-wide solution is the Standard Financial Information Structure (SFIS). SFIS is an enterprise-wide data structure that supports the Department's budget, cost/performance management, and external reporting requirements. As a common DoD business language, SFIS provides the means to categorize financial information along multiple dimensions - and only as needed - to support comprehensive corporate financial management and federal financial reporting that is consistent with the CFO Act. SFIS will not only help managers perform cost-benefit analysis on programs, but to meet the budget-performance integration requirements called for in management reform efforts as the President's Management Agenda (PMA) and the Government Performance and Results Act (GPRA).

Why SFIS?

SFIS embodies the end-to-end defense financial management process, enabling traceability of budget resources throughout a transaction's lifecycle (i.e., commitment of funds to disbursement)¹. This new data structure far exceeds the single-line-of-accounting solutions attempted in the past because a DoD business transaction (e.g., buying or selling goods and services) will automatically "carry with it" detailed information relating to budget and program, cost, customer identification, appropriation and funding, and federal entity. Specifically, SFIS provides a consistent basis to:

- Link program execution to performance, budgetary resources, and actual financial information
- Enable costing and valuation of DoD programs, assets, and liabilities
- Allow future core financial systems to "talk" to each other, achieving interoperability
- Establish tracking and audit traceability of transaction level financial information, enabling financial statement auditability
- Summarize and analyze financial data for reporting
- Provide a financial data framework that is compliant with federal requirements and consistent with private-sector best practices
- Enable an integrated business environment with drill-down capabilities for information retrieval.

¹ Accounting Best Practices, Third Edition, Steven M. Bragg, John Wiley and Sons, Inc.

What Does SFIS Look Like?

SFIS is not a simple data-categorization scheme, but rather an information construct that contains multiple dimensions of information, as shown below, to support both DoD and federal requirements. As such, SFIS is rich in its data content.

A Rich and Relevant Language

SFIS is designed to leverage industry best practices for accounting operations, which include:

- Using a Standard Account Code list
- Reducing the number of account line items
- Simplifying the budget model
- Storing budget information in a central database
- Modifying account code structure to include cost accounting information
- Using identical charts of accounts for subsidiaries
- Creating general ledger drill-down capability
- Facilitating an integrated business environment
- Providing a single standard financial language
- Linking planning to execution and performance measurement

- Enabling full costing and valuation
- Providing efficient summarization for financial reporting
- Providing needed audit traceability.

In addition, the United States Standard General Ledger (USSGL) must be used in all DoD accounting systems for all appropriations and funds². The USSGL data attributes have been incorporated into SFIS, allowing the Department to automatically meet external reporting requirements, including such key outputs as:

- FACTS I and FACTS II
- SF1218/FMS1219 - Statement of accountability
- SF1221/FMS1220 - Statement of transactions
- SF133: Report on budget execution and budgetary resources
- FMS2108: Year end closing statement
- CFO statements
- Budget program and financing (P&F) schedule
- Appropriation status by fiscal year, program, sub-Accounts (1002)
- Report on reimbursements (725)
- International balance of payments report
- Notes to the financial statements.

² DoD Financial Management Regulation (FMR) Volume 1, Chapter 7

Appropriation Account Information

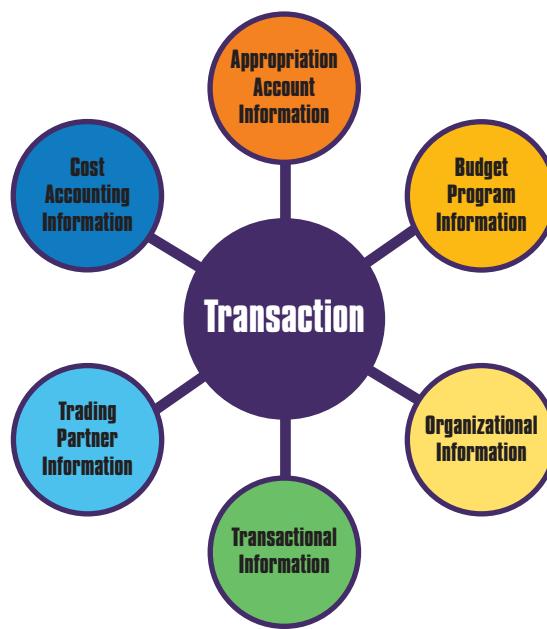
Provides fund structure that identifies the Treasury Appropriation Symbol/Treasury Appropriation Fund Symbol (TAS/TAFS) established by OMB and Treasury

Cost Accounting Information

Satisfies managerial cost accounting requirements defined by the Federal Accounting Standards Advisory Board (FASAB) and Joint Financial Management Improvement Program (JFMIP)

Trading Partner Information

Satisfies trading partner reporting requirements defined by U.S. Treasury, Office of Management and Budget (OMB), and OSD Comptroller



Budget Program Information

Allows reporting for all categories in which budgetary decisions are made, with flexibility to accommodate lower levels in the object class structure

Organizational Information

Establishes an organizational structure based on responsibility segments (e.g., bureaus, divisions, branches)

Transactional Information

Satisfies the U.S. Standard General Ledger posting and reporting requirements defined by the U.S. Treasury and DoD Intragovernmental Transaction System

SFIS
Transaction

The multiple information dimensions of SFIS facilitate DoD's ability to comply with government-wide requirements for financial management, systems, and reporting.

How Will SFIS Be Implemented?

The first phase of SFIS has been completed, and the design has been well received by OMB, U.S. Treasury, the DoD Inspector General, and the Business Management Modernization Program (BMMMP) Domains. Additionally, SFIS has been incorporated in the DoD Business Enterprise Architecture (BEA) release 2.2.1. (August 14, 2004) as part of the enterprise data model. SFIS is part of the overall near-term plan to define:

- Core DoD finance and accounting business processes
- U.S Standard General Ledger (USSGL) postings for DoD business events
- Financial information needed to support budgeting, cost management, performance measurement, and external reporting requirements
- How to apply accepted cost accounting methodologies within DoD
- How to link resource requirements to strategies and objectives.

Full implementation of SFIS as the Department's common business language is a major undertaking and requires that all new and migrating systems use SFIS. In the interim environment, data mapping and/or translation will be used to meet the goals of the Financial Improvement Initiative (FII). Currently, the Financial Management Domain is assessing existing core systems and working with partner domains in evaluating system change requests (SCRs) to accommodate compliance with SFIS. Legacy data mapping has already begun for numerous key business systems.

As transactions are generated from source systems (e.g., inventory, transportation, human resources management, acquisition, etc.) they will continue to cite legacy data elements, or "business terms." These legacy terms will be mapped and/or translated into SFIS terms (standard vocabulary), and the transactions will then be posted to a central general ledger. Examples of SFIS terms are main account, fund type, period of availability (appropriations); budget activity, object class, and program element (budget/program); and defense level, major command, etc. (organization).

In the "to-be" environment, SFIS will be implemented within accounting and source systems, and the Department will eliminate the need to "cross-walk" between multiple business languages.

Online Terms Service

To assist in the interim environment, an online Terms Service is available at <http://accfin.info/terms>. This interactive tool cross-references business and finance terms (data elements) from across the Department (e.g., services, agencies, field offices) into a searchable dictionary. Users have a central access to words, phrases, definitions, alias terms, acronyms, etc. adopted by DoD for a common business vocabulary.

The Terms Service will allow the DoD business community and system designers to identify and understand the usage of terms. In addition, users can publish definitions of various terms and their known aliases to wide audiences, thereby facilitating interoperability.

Where Do We Go From Here?

SFIS marks a significant milestone in the Department's business management transformation by providing the foundation to uniformly collect, track, analyze, and report DoD financial transactions. The Financial Management Domain seeks your participation in:

- Cross-Domain integration workshops
- Business process reengineering
- Standardization of data element values
- Standardization of cost data element values that support performance-based management and capabilities-based planning
- Implementation of SFIS policy.

For more information contact the Financial Management Domain at:

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